

THE HONORABLE JAMES L. ROBART

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MICROSOFT CORPORATION,
Plaintiff,
vs.
MOTOROLA, INC., et al.,
Defendants.

MOTOROLA MOBILITY LLC, et al.,
Plaintiffs,
vs.
MICROSOFT CORPORATION,
Defendant.

Case No. C10-1823-JLR

MICROSOFT'S REPLY IN SUPPORT
OF ITS MOTION FOR COSTS

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1 **I. INTRODUCTION**

2 Motorola raises two principal arguments – (1) that the Court should not award any costs
3 until the patent claims that remain pending are resolved; and (2) that various costs are not
4 taxable. The first argument ignores the Court’s November 12, 2013 Order Granting Entry of
5 Rule 54(b) Judgment, wherein the Court stated that Microsoft could file a motion for costs now
6 (ECF No. 931, p. 12 n.4). And Motorola’s arguments regarding specific costs are largely
7 without merit. Microsoft’s motion should be granted; it should be awarded \$665,600.40 in
8 costs, consisting of the specific costs set forth in Appendix A hereto.¹

9 **II. ARGUMENT**

10 **A. Microsoft’s Motion is Timely.**

11 Motorola argues that Microsoft’s motion should be stayed until the Court enters final
12 judgment on the still-pending patent claims. But this ignores the Court’s order that Microsoft
13 is entitled to seek its costs on the RAND issues now. And, as explained herein, Microsoft is
14 seeking to recover only those taxable costs that relate to the RAND issues in the case.
15 Motorola’s request that the motion be stayed should be rejected.

16 **B. Microsoft Should be Awarded its Process Server Fees.**

17 The invoices supporting Microsoft’s request for process server costs are clear,
18 especially to a party, like Motorola, that received copies of each subpoena when served. The
19 invoice identifying the party to be served as “The Institute of” refers to the Institute of
20 Electrical and Electronics Engineers, the entity responsible for one of the two key technology
21 standards at issue in this litigation. The March 9, 2012 invoice for service on MPEG LA
22 relates to service of a second subpoena, not “additional service.” Microsoft’s CRA
23 International subpoenas likewise are clear. These subpoenas were necessary and led to the
24 production of many important documents. Microsoft is entitled to recover these costs.

25
¹ This amount is less than the \$726,000 Microsoft originally sought, for the reasons set forth herein.

Motorola complains that Microsoft seeks to recover rush fees for the MPEG LA and CRA subpoenas. Courts regularly award rush fees where they are “specifically justified” or necessary as a result of the case schedule. *See Competitive Techs. v. Fujitsu Ltd.*, 2006 WL 6338914, at *6 (N.D. Cal. Aug. 23, 2006). The MPEG LA documents were relevant to summary judgment motions the Court directed the parties to file just 21 days later, on March 30, 2012. Microsoft requested rush service for the CRA subpoenas in June 2012 because its potential relationship to the case was uncovered only shortly before that, and the discovery deadline was July 18, 2012. The rush fees were reasonable under the circumstances.²

C. Microsoft is Entitled To Recover the Cost of Hearing Transcripts.

Microsoft’s request for the cost of transcripts is limited to those from hearings on RAND issues.³ Both the January 24 and March 9, 2012 hearings included such discussions. Declaration of Shane P. Cramer in Support of Microsoft’s Reply, Ex. A; Ex. B.

Motorola argues that Microsoft should not recover \$279.65 for transcripts because Microsoft supported the cost with an email exchange, not an invoice. While Microsoft disagrees with Motorola’s position, Microsoft has provided herewith copies of the cancelled checks it used to pay for the transcripts. Cramer Reply Dec., Ex. C.

Motorola has objected that some transcripts cost more than others, but the invoices are clear. The first party to order the transcript was charged \$4.85 or \$6.05 per page because it was ordering the “original.” The other party then purchased the “first copy” for \$0.90 or \$1.20 per page. This objection is baseless.

Motorola argues several invoices have “no explanation for why an original and a copy were both necessary” (Galvin Dec., Ex. A, p. 2:8, 14-16). Motorola is mistaken. The invoices

² Microsoft withdraws \$260 in costs relating to serving subpoenas on Vlingo and Nuance. The documents sought by these subpoenas related primarily to the patent issues that remain pending. Microsoft also withdraws the \$9.95 fee that appears on the process server invoice dated June 3, 2011 (ECF No. 949-2, p. 3).

³ For example, Microsoft did not seek reimbursement for the cost of the transcript from a May 30, 2012 technical tutorial on Motorola’s H.264 SEPs, or for the Markman hearing that occurred several days later, on June 7, 2012.

1 show that the parties split the cost of these transcripts⁴, not that Microsoft ordered two copies.

2 Expediting the delivery of key transcripts was necessary given the short timeframe
 3 between hearings and other key dates in the case schedule. *See Presidio Components, Inc. v.*
 4 *Am. Technical Ceramics Corp.*, 2011 WL 666881, at *3 (S.D. Cal. Feb. 17, 2011). For
 5 example, on April 11, 2012 the Court held a hearing on Microsoft's anti-suit motion.
 6 Microsoft requested a two-hour turn-around because the Court set a second hearing for later
 7 that same day. Microsoft needed to review the transcript in advance of this second hearing in
 8 order to address any issues that arose therein.

9 Even if it had not been necessary to expedite the transcripts, the only amount that
 10 would be eliminated from Microsoft's cost bill is the increased cost (\$1,803.85) associated
 11 with expediting the transcripts.⁵ The balance of the transcript costs are not even in dispute.⁶

12 **D. Microsoft is Entitled to Recover its Deposition Costs.**

13 In its motion, Microsoft demonstrated that: (1) all of the deponents for whom Microsoft
 14 seeks reimbursement were identified as potential trial witnesses – the depositions were not
 15 simply “for discovery”; (2) at the time Microsoft ordered the videos it was reasonable to
 16 believe that the video transcripts would be used at trial; (3) Microsoft (and Motorola) did
 17 submit testimony by video to the Court at both trials; and (4) Motorola used video from the
 18 depositions of Microsoft's employees and experts during cross-examination of these witnesses.
 19 Motorola's blanket objection should be denied.

20 Motorola next argues that Microsoft should not recover costs for copies of depositions
 21 of its own employees and experts. This argument ignores Motorola's own practice of ordering

22 _____
 23 ⁴ Each party paid the “original” rate for half the pages and the “first copy” rate for the other half.

24 ⁵ The cost to order the original transcript on “ordinary” turnaround of 30 days is \$3.65, with the first copy being
 25 \$0.90. A “14-Day” turnaround costs \$4.25 per page for the original, and \$0.90 for the first copy. An “Expedited
 Transcript”, with a 7-day turnaround, costs \$4.85 per page for the original and \$0.90 for the first copy. Daily
 transcripts cost \$6.05 per page and \$1.20 for the first copy. Hourly transcripts cost \$7.25 per page for the original
 and \$1.20 for the first copy. Cramer Reply Dec., Ex. D.

⁶ Microsoft respectfully withdraws its request for \$2,940 and \$9,450 for real-time transcripts from the November
 2013 and August 2013 trials.

1 video depositions of these individuals, submitting many of those videos to the Court, and using
 2 others for impeachment purposes at trial. *See El Dorado Irrigation Dist. V. Traylor Bros., Inc.*,
 3 2007 WL 512428, *9 (E.D. Cal. Feb. 12, 2007) (where plaintiff objected, among other things,
 4 to defendant's costs "for copies of depositions that [plaintiff] took of [defendant's] witnesses,"
 5 the court held that "[t]he objections are, or are close to, frivolous"). It was reasonable for
 6 Microsoft to order videos of these transcripts so that it would be able to plan for Motorola's
 7 use of them at trial. These costs are recoverable.

8 Motorola argues that Microsoft's request includes \$2,820.00 in duplicate video costs,
 9 apparently based on invoice entries where the column titled "#PAGES/QTY" is filled by a
 10 number other than "1". (*See, e.g.*, ECF No. 949-4, p. 6). But this simply means that the video
 11 contains more than one volume, not that extra copies were ordered.⁷

12 The prevailing party may recover the cost of expediting transcripts where doing so was
 13 necessary because of the case schedule, pending motions, or for other reasons. *Bendix*
 14 *Commer. Vehicle, LLC v. Haldex Brake Prods.*, 2011 U.S. Dist. LEXIS 318, *5 (N.D. Ohio
 15 Jan. 3, 2011) (permitting recovery of fees to expedite where transcripts were needed on short
 16 turnaround for use in connection with pending dispositive motion). Expedited delivery of
 17 these deposition transcripts was reasonable in this case. The case schedule necessitated that
 18 multiple depositions occur simultaneously or in short succession. Expert depositions for the
 19 first phase of the case occurred over approximately two weeks – from August 17 through
 20 August 31, 2012. Dispositive and *Daubert* motions were filed in that same time frame.
 21 Discovery in the second phase of the case likewise occurred over a very short period of time,
 22 from mid-March through May 2013. Expert depositions again occurred over the span of just a
 23 few weeks. It was necessary to expedite the delivery of depositions taken during this phase of
 24

25 ⁷ Microsoft identified three instances where two different formats of videos were ordered from a deposition.
 Cramer Dec., Ex. D, pp. 19 (Del Castillo); 34 & 36 (Glanz); 98 & 100 (Davidson). Microsoft withdraws the cost
 of one video format from each of these depositions, resulting in a reduction to Microsoft's cost bill of \$423.25.

1 the case for the same reasons set forth above.⁸

2 **E. Microsoft's E-Discovery Costs are Taxable.**

3 All of the document requests served by Motorola in this case (the 1823 Action) related
4 to and were relevant to the RAND issues that were determined at the August 2013 trial. In
5 total, Motorola served seven sets of requests for production in the 1823 Action between early
6 2011 and June 2012 specifically targeted at the RAND licensing issues that were the focus of
7 Microsoft's breach of contract claims. In contrast, Motorola served only one set of discovery
8 in the patent case, in early 2011, before the cases were consolidated. And many of these
9 requests were relevant to the issues in the RAND issues since the H.264 SEPs Motorola
10 alleged were infringed by Microsoft's products were part of Motorola's H.264 SEP portfolio.⁹

11 Motorola also alleges that certain specific costs on Lighthouse's invoices are not
12 recoverable. Specifically, Motorola argues that a substantial portion of the e-discovery costs
13 sought by Microsoft constitute "intellectual effort,"¹⁰ which is generally not taxable.

14 But Microsoft is not seeking to recover costs associated with attorney or paralegal time
15 spent reviewing documents or managing the production process. Cramer Dec., ¶8. The
16 challenged costs relate only to time Lighthouse, Microsoft's e-discovery vendor, spent
17 "managing" the production process. Courts recognize that the processes required to process
18 and produce ESI are "highly technical" and differ significantly from "the types of services that
19 attorneys or paralegals are trained for or are capable of providing." *Jardin*, 2011 WL 4835742,
20 at *6.¹¹ The project management services provided by Lighthouse are taxable. *Id.*¹²

22 ⁸ Microsoft respectfully withdraws the \$2,151.44 in real-time fees it incurred in connection with these depositions.

23 ⁹ The patent claims were stayed on July 16, 2012. Thereafter, discovery was limited to the contract claims.

24 ¹⁰ Intellectual effort includes "discovery-related activities tied to strategic, confidentiality, or other types of
concerns typically entrusted to lawyers." *Jardin v. DATAlegro*, 2011 WL 4835742, *6 (S.D. Cal. Oct. 12, 2011).

25 ¹¹ See also *In re Ricoh*, 661 F.3d 1361,1365 (Fed. Cir. 2011).

¹² Motorola argues that invoice line items for "custom tabs" (\$16.20), "binding" (\$105.00), "Printing color"
(\$960.72), and "light litigation-copying" are not taxable. While Microsoft disagrees, it will withdraw these costs.
Microsoft likewise withdraws its request for costs associated with Lighthouse's "outsourced printing and
imaging" as that category reflects work done by vendors other than Lighthouse (\$44,997.18).

1 DATED this 20th day of December, 2013.

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CERTIFICATE OF SERVICE

I, Florine Fujita, swear under penalty of perjury under the laws of the State of Washington to the following:

1. I am over the age of 21 and not a party to this action.
2. On the 20th day of December, 2013, I caused the preceding document to be served on counsel of record in the following manner:

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